

**Standards and Procedures for Audits
of California K-12 Local Education Agencies
2013-14**



Education Audit Appeals Panel

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Education Audit Appeals Panel

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Standards and Procedures for Audits of California K-12 Local Education Agencies

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TITLE 5. Education
Division 1.5. Education Audit Appeals Panel
Chapter 3. Audits of California K-12 Local Education Agencies
Article 1. General Provisions

§ 19810. Scope.

These regulations constitute the audit guide, *Standards and Procedures for Audits of California K-12 Local Educational Agencies*, which shall be used in the performance of the audits required by Education Code Section 41020. These regulations do not provide a complete manual of procedures; auditors must exercise professional judgment.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19811. Qualifications of Auditors.

(a) Each audit shall be made by a certified public accountant or a public accountant, licensed by the California Board of Accountancy, and selected by the local education agency from a directory of certified public accountants and public accountants deemed by the Controller as qualified to conduct audits of local education agencies published by the Controller not later than December 31 of each year.

(b) Except as provided in subdivision (d) of Education Code Section 41320.1, it is unlawful for a public accounting firm to provide audit services to a local educational agency if the lead audit partner, or coordinating audit partner, having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local educational agency in each of the six previous fiscal years. The Education Audit Appeals Panel may waive this requirement if the panel finds that no otherwise eligible auditor is available to perform the audit.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Section 41020,

Education Code.

§ 19812. Auditing Standards.

Audits shall be conducted in accordance with auditing standards generally accepted in the United States of America, the standards set forth in *Government Auditing Standards* issued by the Comptroller General of the United States, and the provisions of this chapter.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: sections 14501, 14503 and 41020, Education Code.

§ 19813. Materiality Levels for Compliance Auditing.

Each program for which Average Daily Attendance is reported to the California Department of Education for apportionment purposes must be audited for compliance with specific requirements of law, as further set forth in this article, if the number of units of Average Daily Attendance reported is material as shown in the following table:

Local Education Agency's Total Reported Average Daily Attendance (ADA)	Number of ADA Constituting Materiality for Each Program
1 – 1,000	10 or more
1,001 – 2,500	20 or more
2,501 – 10,000	50 or more
More than 10,000	100 or more

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19814. Auditor Judgment.

For each state compliance requirement, the auditor shall follow the procedures included in this audit guide, unless, in the exercise of his or her professional judgment, the auditor determines other procedures are more appropriate in particular circumstances.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14503 and 41020, Education Code.

Article 2. Audit Reports

§ 19815. Report Components.

The report of each audit performed pursuant to Education Code Section 41020 shall be as follows, except that the subelements of (d) may be in any order among themselves:

- (a) Introductory Section.
 - (1) Table of Contents for the audit report.
 - (2) Other information as deemed appropriate by the auditee.
- (b) Financial Section.
 - (1) Independent Auditor's Report.
 - (2) Management's Discussion and Analysis.
 - (3) Basic Financial Statements.
 - (4) Notes to the Basic Financial Statements.
- (c) Required Supplementary Information.

Schedule of budgetary comparison data, by object for the 2009-10 fiscal year and following, for the General Fund and any major special revenue funds that have legally adopted annual budgets, disclosing excesses of expenditures over appropriations, if any, in individual funds presented in the budgetary comparison.

- (d) Supplementary Information.

- (1) Local Education Agency Organization Structure.
- (2) Schedule of Average Daily Attendance.
- (3) Schedule of Instructional Time.
- (4) Schedule of Financial Trends and Analysis.
- (5) Reconciliation of Annual Financial and Budget Report With Audited Financial Statements.
- (6) Optionally, Combining Statements and Individual Fund Statements and Schedules.
- (7) Schedule of Charter Schools.
- (8) If required as set forth in the edition of OMB Circular A-133 applicable to the year being audited, Schedule of Expenditures of Federal Awards.
- (9) Notes to Supplementary Information, if required.
- (e) Other Independent Auditor's Reports.
- (1) Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- (2) Report on State Compliance.
- (3) Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133, for fiscal years 2003-04 through 2013, if required as set forth in the edition of OMB Circular A-133 applicable to the year being audited.
- (4) Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133, for fiscal years 2013-14 and following, if required as set forth in the edition of OMB Circular A-133 applicable to the year being audited.
- (f) Findings and Recommendations.

(1) Schedule of Findings and Questioned Costs.

(2) Schedule of Prior Audit Findings.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19816. Definitions and Enumerations.

The content of the audit report sections and subsections specified in Section 19815 is as described in the *Codification of Statements on Auditing Standards*, published by the American Institute of Certified Public Accountants, the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the Governmental Accounting Standards Board (GASB), or *Government Auditing Standards* published by the Comptroller General of the United States, in the respective editions applicable to the fiscal year being audited, or as defined in one of the following:

(a) “*Government Auditing Standards*” means the publication by the Comptroller General of the United States, United States Government Accountability Office, originally issued in 1972 and revised from time to time, commonly known as the “Yellow Book,” that contains standards for audits of government organizations, programs, activities, and functions and that is referenced in Education Code Sections 14501, 14503, and 41020(b)(4).

(b) “Local Education Agency Organization Structure” means a description in the Supplementary Information section that sets forth the following information, at a minimum:

(1) The date on which the local education agency was established, and for charter schools the date and granting authority of each charter;

(2) The date and a general description of any change during the year audited in a school district’s boundaries;

(3) The numbers by type of schools in the local education agency;

(4) The names, titles, terms, and term expiration dates of all members of the governing board;

(5) The names, with their titles, of the superintendent, chief business official, and deputy/associate/assistant superintendents.

(c) “OMB Circular A-133” means the publication, produced by the federal Office of Management and Budget and titled *Audits of States, Local Governments, and Non-Profit Organizations*, that sets forth standards for attaining consistency and uniformity in the audits of governments and organizations expending federal awards.

(d) “Reconciliation of Annual Financial and Budget Report with Audited Financial Statements” means a schedule that displays the differences between the ending fund balance(s) from the audited financial statements and the unaudited ending fund balance(s) from the annual financial and budget report for each fund in which a variance occurred.

(e) “Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*” means, for fiscal year 2011-12 and following, the component of the Other Independent Auditor’s Reports that specifies material instances of noncompliance, if any; defines control deficiency and significant deficiency and specifies the significant deficiencies disclosed by the audit; defines material weaknesses and specifies the material weaknesses, if any, that were disclosed by the audit; if no significant deficiencies were identified, states that no material weaknesses were noted; if significant deficiencies were noted, states that the auditor’s consideration of internal control over financial reporting would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and a statement about whether the auditor believes any of the significant deficiencies noted were material weaknesses; includes a statement that additional matters were communicated to the

auditee in a management letter, if that is the case; specifies all instances of fraud and illegal acts, if any, that were disclosed by the audit, unless clearly inconsequential; specifies material violations of provisions of contracts and grant agreements, if any; and specifies material abuse, if any, that was disclosed by the audit; in accordance with the financial reporting requirements specified in the *Codification of Statements on Auditing Standards* and in *Government Auditing Standards*, as applicable to the year being audited.

(f) “Report on State Compliance” means, for fiscal year 2011-12 and following, the component of the Other Independent Auditor's Reports that specifically and separately addresses each of the state compliance requirements included in this audit guide that are applicable to the year audited, stating that compliance with the applicable compliance requirements is the responsibility of the auditee's management, and stating whether or not the auditee is in compliance with those requirements; includes a chart that displays each compliance requirement and the corresponding number of audit procedures applicable to the year audited and states that the audit procedures included in the audit guide for each compliance requirement were followed in the making of the audit, if that is the case, or, if not, what other procedures were followed; and includes an expression of opinion on whether the auditee complied, in all material respects, with applicable compliance requirements.

(1) *not applicable to the 2013-14 Audit Guide.*

(2) The numbers of audit procedures for the compliance requirements included in this audit guide for audits of fiscal year 2013-14 are

Attendance Reporting, 6;

Teacher Certification and Misassignments, 3;

Kindergarten Continuance, 3;

Independent Study, 23;

Continuation Education, 10;

Instructional Time for school districts, 10;

Instructional Materials general requirements, 8;

Ratios of Administrative Employees to Teachers, 1;

Classroom Teacher Salaries, 1;

Early Retirement Incentive, 4;

Gann Limit Calculation, 1;

School Accountability Report Card, 3;

Juvenile Court Schools, 8;

Local Control Funding Formula Certification, 1;

California Clean Energy Jobs Act, 3;

After School Education and Safety Program: general requirements, 4; after school, 5;
before school, 6;

Education Protection Account Funds, 1;

Common Core Implementation Funds, 3;

Unduplicated Local Control Funding Formula Pupil Counts, 3;

Contemporaneous Records of Attendance, for charter schools, 8;

Mode of Instruction, for charter schools, 1;

Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;

Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;

Annual Instructional Minutes - Classroom Based, for charter schools, 4;

Charter School Facility Grant Program, 1.

(g)(1) *not applicable to the 2013-14 Audit Guide.*

(2) “Report on Compliance for Each Major Federal Program and on Internal Control Over

Compliance Required by OMB Circular A-133,” means for fiscal years 2013-14 and following, the component of the Other Independent Auditor’s Reports that states that compliance with the applicable compliance requirements is the responsibility of the auditee’s management; includes an expression of opinion on whether the auditee complied, in all material respects, with federal laws, regulations, and the provisions of federal contracts or grant agreements; and opines whether the auditee has established and maintained effective internal control over compliance with the requirements for major federal programs.

(h) “Schedule of Average Daily Attendance” means, for fiscal year 2011-12 and following, the schedule in the Supplementary Information section that displays Average Daily Attendance data for both the Second Period and Annual reports, by grade span and program as appropriate; and separately for each charter school, shows the total Average Daily Attendance and the Average Daily Attendance generated through classroom-based instruction by grade span, as appropriate; and if there are any Average Daily Attendance adjustments due to audit findings, displays additional columns for the Second Period and Annual reports reflecting the final Average Daily Attendance after audit finding adjustments.

(i) “Schedule of Charter Schools” means the schedule in the Supplementary Information section that lists all charter schools chartered by the school district or county office of education, and displays information for each charter school on whether or not the charter school is included in the school district or county office of education audit.

(j) “Schedule of Financial Trends and Analysis” means, for fiscal year 2004-05 and each fiscal year thereafter, the schedule in the Supplementary Information section that displays information regarding the auditee’s financial position and going concern status, in the form of actual financial and attendance figures for at least the most recent three-year period (ending with the audit year), plus the current year’s budget, for the following items: General Fund

financial activity, including total revenue, expenditures, and other sources and uses; General Fund balance; available reserve balances (funds designated for economic uncertainty, and any other remaining undesignated fund balance) within the General Fund or Special Reserve Fund; available reserve balances expressed as a percentage of total General Fund outgo (expenditures, transfers out, and other uses), including a comparison to the applicable state-recommended available reserve percentage; total long-term debt; and elementary and secondary Second Principal Average Daily Attendance; and, when the auditee's percentage of available reserves to total General Fund outgo is below the state-recommended percentage, management's plans for increasing the auditee's available reserve percentage.

(k) "Schedule of Findings and Questioned Costs" means that part of the Findings and Recommendations section that presents all audit year findings, and a copy of each management letter issued, if any, with each finding assigned the appropriate code from among the following: 10000 Attendance, 20000 Inventory of Equipment, 30000 Internal Control, 40000 State Compliance, 41000 CalSTRS, 50000 Federal Compliance, 60000 Miscellaneous, 61000 Classroom Teacher Salaries, 70000 Instructional Materials, 71000 Teacher Misassignments, 72000 School Accountability Report Card, and includes the following elements:

- (1) criteria
- (2) condition
- (3) effect
- (4) cause

(5) a statement of the number of units of Average Daily Attendance, by grade span, if any, that were inappropriately reported for apportionment, and an estimate of their dollar value; and a statement consistent with its basis of funding, for any other inappropriately reported claim—such as number of unduplicated local control funding formula counts or the dollar amount of

inappropriate expenditures for a restricted program

(6) a recommendation for the resolution of the finding

(7) a corrective action plan prepared by the auditee that describes in specific terms the actions planned or taken to correct the problem, or a statement from the auditee that the corrective action recommended by the auditor is not necessary or appropriate and giving the specific reasons why, if that is the case, and a statement that the corrective action plan was not available if no corrective action plan was submitted before the audit report was prepared.

(l) “Schedule of Instructional Time” means a schedule in the Supplementary Information section that displays, for school districts, including basic aid districts, data that show whether the district complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code; showing by grade level:

(1) For districts that met or exceeded their local control funding formula target or districts that participated in Longer Day funding, the number(s) of instructional minutes specified in Education Code Section 46207(a) or 46201(b) as applicable, and the district’s required instructional minutes set forth in subparagraph (a)(6), (a)(7)(A)(1) or (a)(7)(B)(1) of Section 19824 as applicable;

(2) For districts that did not meet or exceed their local control funding formula target and did not participate in Longer Day funding, the number(s) of instructional minutes the district offered in the 1982-83 year, and the district’s required instructional minutes as calculated in subparagraph(a)(7)(C)(1) or subparagraph (a)(7)(D)(1) of Section 19824 as applicable;

(3) For all districts, the instructional minutes offered during the year audited showing the school with the lowest number of minutes offered at each grade level;

(4) For all districts, the number of instructional days offered during the year audited on the traditional calendar and on any multitrack year-round calendars; and whether the district complied with the reduced instructional minutes and days provisions.

State in a note to the schedule whether the district participated in Longer Day incentives and whether the district met or exceeded its target funding.

For charter schools, data that show whether the charter school complied with Education Code Sections 47612 and 47612.5; showing by grade level the number(s) of instructional minutes specified in Education Code Section 47612.5; the charter school's required number of instructional minutes as reduced by Education Code Section 46201.2; the instructional minutes offered during the year audited showing the school location with the lowest number of minutes offered at each grade level, the number of instructional days offered during the year audited on the traditional calendar and on any multitrack calendars; and whether the charter school complied with the reduced instructional minutes and days provisions.

(m) "Schedule of Prior Audit Findings" means that part of the Findings and Recommendations section that presents the status of actions taken by the auditee on each of the findings and recommendations reported in the prior year audit, and includes as current year findings and recommendations those prior year findings that have not been resolved.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503, 41020 and 47634.2, Education Code.

§ 19816.1. Applicability of Audit Procedures by Audit Year.

(a) Of the compliance requirements set forth in Article 3:

(1) *not applicable to the 2013-14 Audit Guide.*

(2) Sections 19817.2 through 19840 are applicable to fiscal year 2013-14 audits.

(b) Of the compliance requirements set forth in Article 3.1:

(1) *not applicable to the 2013-14 Audit Guide.*

(2) Sections 19843 through 19849 are applicable to fiscal year 2013-14 audits.

(c) Of the compliance requirements set forth in Article 4:

(1) *not applicable to the 2013-14 Audit Guide.*

(2) Sections 19850 through 19855 are applicable to fiscal year 2013-14 audits.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503, 41020 and 47634.2, Education Code.

Article 3. State Compliance Procedures: Local Education Agencies

Other Than Charter Schools

§ 19817.2. Attendance Reporting.

For fiscal years 2011-12 and following, perform the following audit steps:

(a) Determine whether the Second Principal and Annual reports of attendance submitted to the California Department of Education reconcile to the supporting documents by verifying the local education agency's Average Daily Attendance calculations for each reporting line item, including the informational line items, subject to the materiality levels as described in Section 19813.

(b) Trace the Average Daily Attendance numbers from the Second Principal and Annual reports of attendance to the local education agency's summaries.

(c) Verify that the monthly site summaries used for summarizing attendance provide accurate information, by selecting a representative sample of schools and performing the following procedures (exclude the programs identified separately in subsequent sections of this audit guide):

(1) Reconcile the monthly totals (days of apportionment attendance) on the school's attendance summary to the summary maintained by the local education agency for the Second

Principal and the Annual attendance reports.

(2) Select at least one test month in the Second Principal or Annual attendance reporting period. Verify the mathematical accuracy of the monthly report and trace the totals to the school's attendance summary.

(3) Select a representative sample of classes (teachers) and trace the monthly totals from the monthly report to the data origination documentation. Verify the mathematical accuracy of the attendance registers, scantron summaries, or other data arrays.

(d) Select a sample of absences and compare to documentation supporting Average Daily Attendance reported to the California Department of Education to verify that absences were not included in Average Daily Attendance. The documentation maintained by the local education agency with regard to its absences may be in the form of notes, logs, or other records, depending on the board-adopted policy concerning verification of absences.

(e) Calculate any inappropriately reported units of Average Daily Attendance, by grade span, identified through the foregoing audit procedures. State in a finding the number(s) of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value. If there are any ungraded units of Average Daily Attendance, then proportionately allocate the disallowance among the grade spans.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19817.5. Teacher Certification and Misassignments.

For fiscal year 2011-12 and following, perform the following audit steps:

(a) For each teacher selected pursuant to subparagraph (c)(3) of Section 19817.2, test to determine whether the teacher possessed a valid certification document.

(b) If any teacher did not possess a valid certification document, calculate the penalty or

penalties pursuant to the provisions of Education Code Section 45037 and include the actual calculation in an audit finding in the Findings and Recommendations section.

(c) For each teacher selected pursuant to subparagraph (c)(3) of Section 19817.2, test to determine whether the teacher was assigned to teach in a position

(1) consistent with the authorization of his or her certification document, or

(2) otherwise authorized by law pursuant to

(A) a governing board resolution in conformance with the provisions of any of subdivision (b) of Education Code Section 44256, Section 44258.2, Section 44258.3, or Section 44263, or

(B) approval of a committee on assignments pursuant to the provisions of subdivision (c) or (d) of Education Code Section 44258.7.

(d) If any teacher selected pursuant to subparagraph (c)(3) of Section 19817.2 was assigned to teach a class in which more than 20 percent of the pupils were English learners, determine whether the teacher was authorized to instruct limited-English-proficient pupils pursuant to the provisions of Education Code Section 44253.3, 44253.4, or 44253.10.

(e) If any teacher was assigned to teach in a position for which he or she was not authorized, include a finding in the Findings and Recommendations section of the audit report.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503 and 41020, Education Code.

§ 19818. Kindergarten Continuance.

(a) Obtain a list of pupils enrolled in kindergarten for the year audited and kindergarten or transitional kindergarten for the prior year. Compare the lists and identify those kindergarten pupils, if any, who are on both lists.

(b) Select a representative sample of kindergarten pupils identified on both lists. Perform the following procedures.

(c) Review the record of each pupil identified on both lists to determine whether the pupil continued in kindergarten after completing one school year of kindergarten or transitional kindergarten. For a pupil who begins kindergarten mid-year, one school year of kindergarten is completed on the last day prior to the anniversary of the pupil's first day of kindergarten.

(d) Except for pupils enrolled in transitional kindergarten in the prior year in accordance with Education Code Section 48000(c), verify that the local education agency has a signed parental agreement to continue form, approved in form and content by the California Department of Education, for each such pupil.

(e) If any inappropriately reported units of Average Daily Attendance are identified through the foregoing audit procedures, recalculate, consistent with Education Code Section 46303, the correct number of units of Average Daily Attendance. Include a statement in the Findings and Recommendations section of the audit report of the number of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

Note: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19819. Independent Study.

If the local education agency reported Average Daily Attendance generated through independent study, perform the following procedures

(a) At the agency level:

(1) Reconcile the local education agency's independent study attendance records to Average Daily Attendance generated through full-time independent study reported to the California Department of Education.

(2) From the independent study attendance records, select a representative sample of pupils

for whom Average Daily Attendance generated through independent study was claimed, including pupils on intermittent or “short term” independent study if the local education agency offered that option, and confirm that every pupil in the sample is identified in the written records of the district or county board by grade level, by program placement, and by the school in which he or she is enrolled.

(3) If, pursuant to the foregoing audit procedure, any pupils are found that were not identified in the written records of the district or county board by any one or more of grade level, program placement, and the school in which he or she was enrolled, calculate and state in a finding the number(s) of units of Average Daily Attendance, by grade span, that were inappropriately reported for apportionment and an estimate of their dollar value. If there are any ungraded units of Average Daily Attendance, then proportionately allocate the disallowance among the grade spans.

(4) Verify the local education agency’s calculation, made pursuant to the provisions of subdivision (a) of Education Code Section 51745.6, of ineligible Average Daily Attendance, if any, generated through full-time independent study by pupils 18 years of age or less.

(5) Interview administrative personnel and school counselors of the local education agency to determine if the local education agency had policies and procedures to ensure that any pupil terminating an independent study agreement was permitted to immediately recommence classroom study.

(6) Interview local education agency administrative personnel as well as a sample of independent study teachers and review written agreements to determine whether it was the local education agency’s policy or practice to provide independent study pupils or their parents/guardians with monetary funding or any other things of value such as equipment or paid private instruction. If so, determine whether classroom pupils or their parents/guardians

had the same access to funding or things of value. Read program materials provided to all parents/guardians to determine that opportunities were equal and that pupils engaged in independent study were neither offered nor given incentive funding or special benefits.

(b) Select a sample of schools that is representative of the local education agency and sufficient in size to allow the auditor to draw a reasonable conclusion with respect to the local education agency's compliance with independent study requirements. Verify that the monthly site summaries used for summarizing attendance provide accurate information by performing the following procedures:

(1) At each school, examine the attendance accounting records to verify that the attendance of pupils or adult education students or both while engaged in independent study was maintained on separate registers or the local education agency had another mechanism in place to track Average Daily Attendance generated through independent study separately from other Average Daily Attendance.

(2) Determine the total number of days of attendance reported for each sampled school that resulted from attendance by pupils or adult education students or both while engaged in independent study. Reconcile the monthly totals (days of apportionment attendance) on the site's attendance summary to the summary maintained by the local education agency for the Second Principal and the Annual attendance reports.

(3) Select a test month in the Second Principal or Annual attendance reporting period. Verify the mathematical accuracy of the monthly report and trace totals to the school's attendance summary.

(4) Verify that a certificated employee of the local education agency coordinated, evaluated, and provided general supervision, as that term is defined in Section 11700(b), of each pupil's or adult education student's independent study, as required by the provisions of

subdivision (a) of Education Code Section 51747.5.

(5) Select a representative sample of teachers. Verify the mathematical accuracy of the teachers' attendance records of pupil or adult education student attendance. Trace the monthly totals from the monthly report to the attendance records.

(6) If 100 percent apportionment attendance was recorded for all independent study pupils or adult education students or both, ensure that the teacher did not accrue more days of apportionment credit for any assignment than there were school days in that assignment ("banking"); or accrue days of attendance for work submitted subsequent to the specified due date for the assignment ("make-up").

(7) For programs in which hourly attendance accounting is not required pursuant to Section 406, verify that attendance credit was recorded in whole days based on the supervising teacher's personal review, evaluation, and assignment of time value to the pupil's or adult education student's work product, or the supervising teacher's review of the evaluation and assignment of time value made by another certificated teacher.

(c) From the attendance records, select a representative sample of pupils/adult education students for whom Average Daily Attendance generated through independent study was claimed, including pupils on intermittent ("short term") independent study if the local education agency offered that option, and perform the following procedures:

(1) Verify that no pupil was enrolled in the local education agency pursuant to subdivision (b) of Education Code Section 48204 while engaged in full-time independent study.

(2) Determine each selected pupil's or adult education student's county of residence at the time of commencing independent study and verify that it is the county in which the apportionment claim is reported or a contiguous county within California.

(3) Determine whether mailing addresses or other evidence of residency changed during

the time the pupils/adult education students were in independent study and, if so, whether each pupil or adult education student remained resident of the same or a contiguous county within California.

(4) Verify that a total of not more than one day of attendance generated through independent study was recorded for each pupil, including pupils enrolled in more than one program, for any calendar day on which school was in session.

(5) Verify that a written agreement exists for each pupil/adult education student selected.

(6) Verify that every pupil whose independent study attendance was claimed for apportionment was participating under an agreement for a minimum of five consecutive school days.

(7) Verify that every written agreement contained all the required elements:

(A) The manner, time, frequency, and place for submitting a pupil's or adult education student's assignments and for reporting his or her progress.

(B) The objectives and methods of study (pupil/adult education student activities selected by the supervising teacher as the means to reach the educational objectives set forth in the written agreement) for the pupil's or adult education student's work.

(C) The methods utilized to evaluate that work (any specified procedure through which a certificated teacher personally assesses the extent to which achievement of the pupils/adult education students meets the objectives set forth in the written assignment).

(D) The specific resources, including materials and personnel, to be made available to the pupils/adult education students (resources reasonably necessary to the achievement of the objectives in the written agreement, not to exclude resources normally available to all pupils/adult education students on the same terms as the terms on which they are normally available to all pupils/adult education students).

(E) A statement of the following two policies adopted pursuant to subdivisions (a) and (b) of Education Code Section 51747:

1. The maximum length of time allowed between the assignment and the completion of a pupil's or adult education student's assigned work; and

2. The number of assignments a pupil or adult education student may miss before there must be an evaluation of whether it is in the pupil's or adult education student's best interests to continue in independent study.

(F) The duration of the independent study agreement, including the beginning and ending dates for the pupil's or adult education student's participation in independent study under the agreement, with no agreement being for a period longer than one semester, or one-half year for a school on a year-round calendar.

(G) A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil/adult education student upon completion.

(H) A statement in each independent study agreement that independent study is an optional educational alternative in which no pupil may be required to participate. In the case of a pupil who is referred or assigned to any school, class, or program pursuant to Section 48915 or 48917, the agreement also shall include the statement that instruction may be provided to the pupil through independent study only if the pupil is offered the alternative of classroom instruction.

(I) Signatures, affixed prior to the commencement of independent study, by

1. the pupil or adult education student;
2. the pupil's parent, legal guardian, or caregiver as that term is used in Family Code Section 6550 and following, if the pupil is less than 18 years of age;

3. the certificated employee who has been designated as having responsibility for the general supervision of independent study; and

4. all other persons, if any, who had direct responsibility for providing assistance to the pupil or adult education student.

(8) Verify that no days of attendance were reported for dates prior to the signing of the agreement by all parties.

(9) Trace each pupil's or adult education student's attendance from the attendance records to the teacher's register, record of the pupil's or adult education student's work completed, and the corresponding work assignment record. Verify that evaluated pupil/adult education student work samples, bearing signed or initialed and dated notations by the supervising teacher indicating that he or she personally evaluated the work, or that he or she personally reviewed the evaluations made by another certificated teacher, have been retained in the file.

(10) Verify that the pupil/adult education student work product samples are related to the assignment pursuant to which the work was undertaken and reflect the curriculum adopted by the local governing board and not an alternative curriculum.

(11) Review records and other relevant documentation to verify that each pupil's choice to commence or to continue in independent study was entirely voluntary and uncoerced.

(d) Calculate any inappropriately reported units of Average Daily Attendance, by grade span, identified through the foregoing audit procedures. State in a finding the number(s) of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value. If there are any ungraded units of Average Daily Attendance, then proportionately allocate the disallowance among the grade spans.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19820. Continuation Education.

Verify that the monthly site attendance summaries provide accurate information by performing the following procedures:

(a) Reconcile the monthly totals (days of apportionment attendance) on the site's attendance summary to the summary maintained by the district for the Second Principal and the Annual attendance reports.

(b) Select a test month in the Second Principal attendance reporting period. Verify the mathematical accuracy of the monthly report and trace the totals to the site's attendance summary.

(c) Select a representative sample of classes (teachers). Trace the monthly totals from the monthly report to the data origination documentation. Verify the mathematical accuracy of the attendance registers, scantron summaries, or other data arrays.

(d) Select a representative sample of pupils and perform the following procedures:

(1) Trace each pupil's attendance in the weekly attendance records to the teacher's attendance register or other approved record.

(2) Verify that hourly attendance accounting was used.

(3) Verify that attendance was not credited for more than the scheduled class time.

(e) Review weekly attendance records to verify that the district did not claim more than 15 hours per week, or a proportionally reduced number of hours per week when there were fewer than five school days.

(f) Select a representative sample of continuation pupils enrolled in work experience education.

(1) Review the weekly attendance reports and attendance registers to verify that each pupil actually attended, as set forth in Education Code Section 48400, four 60-minute hours in each

week in which he/she generated additional hours of work experience apportionment attendance credit.

(2) Verify that the pupils received at least one instructional period per week of classroom work experience instruction or counseling as required by Education Code Section 51760.3(b).

(3) Verify that not more than 10 percent of each continuation high school's Average Daily Attendance at Second Principal (exclusive of Average Daily Attendance for a pupil who was pregnant or was a parent and the primary caregiver for one or more of his or her children) was generated through independent study as provided in Education Code Section 51745(b).

(g) Calculate any inappropriately reported units of Average Daily Attendance, by grade span, identified through the foregoing audit procedures. State in a the number(s) of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19824. Instructional Time.

(a) School districts: in accordance with subdivision (b) of Education Code Section 46201.2 and subdivision (c) of Education Code Section 46207 and subdivision (b) of Education Code Section 46208, for fiscal years 2013-14 and 2014-15, perform the following procedures:

(1) Select a sample of schools that is representative of the district and sufficient in size to allow the auditor to draw a reasonable conclusion with respect to the district's compliance with instructional time requirements. Review the school attendance calendar and bell (class) schedules of the sampled schools. Ascertain whether any individual days are shorter than the usual length, by grade level, in each school in the sample. Compare the instructional minutes from each school site's bell (class) schedule to total instructional minutes computed by the

business office.

(2) Determine, by grade level, the total number of days in each sampled school's attendance calendar that were of at least the minimum length required, pursuant to Education Code sections 46112, 46113, 46114, 46115, 46117, and 46119, for elementary schools, or sections 46141, and 46142, for junior high schools and high schools. Compare the total qualifying days by grade level for each school in the sample to the standards set forth in Education Code section 41420 or 37670, as applicable, as reduced by subdivision (b) of Education Code Section 46201.2 to 170 days for schools on a traditional calendar, or to 158 days for multitrack year-round schools.

(3) If all regular day schools in the sample have fewer than the applicable minimum number of days as set forth in subparagraph (a)(2) of this section, determine whether the same is true for all the regular day schools of the district.

(4) If all regular day schools have fewer than the applicable minimum number of days, the district is subject to the penalty provided in subdivision (a) of Education Code Section 41420. Include a statement of that fact and the calculation and amount of the penalty in the Findings and Recommendations section of the audit report.

(5) If the district is not subject to the penalty provided in subdivision (a) of Education Code Section 41420 but is subject to one or more penalties as provided in subdivision (b) of Education Code Section 41420, prepare a separate schedule for each school in the district that was not in compliance showing the number of additional days the school would have had to maintain operations to meet the 170 day requirement, or the 158 day requirement if the school was operated on a multitrack year-round schedule. Calculate the penalty or penalties. Include the schedule(s), the calculation(s), and amount(s) of the penalty or penalties in a finding in the Findings and Recommendations section of the audit report.

(6) If the district met or exceeded its local control funding formula target as set forth in Education Code Section 46207(a):

(A) Determine the required amount of instructional time by reducing the amount of time by grade level specified in Education Code Section 46207 by the result of dividing the time for each grade level by 180 and multiplying by 5; and

(B) Compare the amount of time offered for each grade level in each sampled school during the year being audited to the required amount of instructional time as determined in subparagraph (6)(A) of this section.

(7) If the district did not meet its local control funding formula computed pursuant to Education Code Section 42238.02, determine whether the district participated in Longer Day incentive funding provided for in Education Code Section 46201, or Longer Year incentive funding provided for in Education Code Section 46200(a), as those two sections read on January 1, 2013:

(A) For each district that participated in Longer Day and Longer Year incentive funding [i.e., every district except those listed in B, C, or D below]:

1. Determine the required amount of instructional time by reducing the amount of time by grade level specified in Education Code Section 46201(b) by the result of dividing the time for each grade level by 180 and multiplying by 5.

2. Compare the amount of time offered for each grade level in each school in the sample during the year being audited to the required amount of instructional time as determined in the preceding sentence

(B) For districts that participated in Longer Day but did not participate in Longer Year incentive funding [McKittrick Elementary (15-63651), Janesville Union Elementary (18-64105, Richmond Union Elementary (18-64170) Shaffer Union Elementary (18-64188): Big

Valley Joint Unified (18-64089), Castle Rock Union Elementary (45-69922), and Indian Springs Elementary (45-70037)]:

1. Determine the required amount of instructional time by reducing the amount of time by grade level specified in Education Code Section 46201(b) by the result of dividing the time for each grade level by 175 and multiplying by 5.

2. Compare the amount of time offered for each grade level in each school in the sample during the year being audited to the required amount of instructional time as determined in the preceding sentence.

(C) For districts that did not participate in Longer Day but did participate in Longer Year incentive funding [Mountain House Elementary (01-61218), Canyon Elementary (07-61671), Baker Elementary (36-73858), Delphic Elementary (47-70227)]:

1. Determine the required amount of instructional time by reducing the amount of time by grade level offered by the district during the 1982-83 school year by the result of dividing the time for each grade level by 180 and multiplying by 5.

2. Compare the amount of time offered for each grade level in each sampled school during the year being audited to the required amount of instructional time as determined in preceding sentence.

(D) For districts that did not participate in either Longer Day or Longer Year incentive funding [Seiad Elementary (47-70458) and Willow Creek (47-70490)]:

1. Determine the required amount of instructional time by reducing the amount of time by grade level offered by the district during the 1982-83 school year by the result of dividing the time for each grade level by 175 and multiplying by 5.

2. Compare the amount of time offered for each grade level in each school in the sample during the year being audited to the required amount of instructional time as determined in the

preceding sentence.

(8) Determine whether the district offered optional classes to satisfy incentive funding requirements. If enrollment in optional classes is low, review the district's documentation of class offerings to ensure that the district has acted effectively to comply with the law. Practices that are not consistent with effectively offering additional instructional time may include, but are not limited to, offering only a small number of optional courses that are appropriate only for limited numbers of pupils, and scheduling optional courses such that pupils may take them only by giving up their lunch period or by attending school outside the schedule of district-provided bus service.

(9) If any schools were not in compliance with the instructional minutes requirements as calculated pursuant to subparagraph (a)(6) or (a)(7) of this section as applicable, prepare a separate schedule for each school showing only those grade levels that were not in compliance and calculate the penalty or penalties pursuant to Education Code Section 46201, 46202, or 46207. Include the schedule(s), the calculation, and the amount of the penalty or penalties in a finding in the Findings and Recommendations section of the audit report.

(10) For any school district that either met or exceeded its local control funding formula target or participated in Longer Year incentive funding, and that had any schools that offered less than 175 days, prepare a separate schedule for each school showing only those grade levels that were not in compliance and calculate the penalty or penalties pursuant to Education Code Section 46200 or 46208. Include the schedule(s), the calculation, and the amount of the penalty or penalties in a finding in the Findings and Recommendations section of the audit report.

(b) County offices of education: omitted for fiscal year 2013-14.

Note: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19828.4. Instructional Materials.

(a) For fiscal year 2009-10 and each fiscal year thereafter, perform the following procedures:

(1) Determine whether the school district governing board or county board of education, prior to making a determination through a resolution as to the sufficiency of textbooks or other instructional materials, held the public hearing or hearings required by the provisions of Education Code Section 60119 on or before the end of the eighth week from the first day pupils attended school for that year, or, in a school district or county office of education having schools that operate on a multitrack, year-round calendar, on or before the end of the eighth week from the first day pupils attended school for that year on any track that began in August or September.

(2) Determine whether the school district governing board or county board of education provided 10-day notice of the required public hearing or hearings.

(3) Determine whether each notice included the time, place, and purpose of the hearing and whether the school district or county office of education posted the notice at a minimum of three public locations in the school district or county, respectively.

(4) Determine whether the hearing was held at a time that encouraged the attendance of teachers and parents and guardians of pupils who attend the schools in the district and did not take place during or immediately following school hours.

(5) Determine whether the resolution stated that each pupil in each school had sufficient textbooks or instructional materials aligned to the content standards adopted by the State Board of Education pursuant to Education Code Section 60605 or 60605.8 and consistent with the content and cycles of the curriculum framework adopted by the State Board of Education, or instead that there was an insufficiency of such textbooks or instructional materials, or both, in

any one or more of mathematics, science, history-social science, and English/language arts including the English language development component of an adopted program, as appropriate. If the resolution stated any insufficiency, verify that the school district governing board or county board of education provided information to classroom teachers and to the public, setting forth, in the resolution, for each school in which an insufficiency existed, the percentage of pupils who lacked sufficient standards-aligned textbooks or instructional materials in each subject area and the reasons that each pupil did not have sufficient standards-aligned textbooks or instructional materials, or both, and took action to ensure that each pupil would have sufficient textbooks or instructional materials, or both, within two months of the beginning of the school year in which the determination was made.

(6) Verify whether the governing board made a written determination as to whether each pupil enrolled in a foreign language or health course had sufficient textbooks or instructional materials that were consistent with the content and cycles of the curriculum frameworks adopted by the State Board of Education for those subjects.

(7) Verify whether the governing board determined the availability of laboratory science equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive.

(b) For 2009-10 through 2012-13 only, if the school district or county office of education was not in compliance with any of the requirements set forth in audit procedures 1 through 5 of subparagraph (a) of this section, the school district or county office of education was not eligible to receive an Instructional Materials Funding Realignment Program allowance for the fiscal year audited. Include a finding in the Findings and Recommendations section of the audit report showing the full amount of Instructional Materials Funding Realignment Program allowance received as disallowed.

(c) If the school district or county office of education was not in compliance with any of

the requirements set forth in audit procedures 1 through 7 of subparagraph (a) of this section, report the noncompliance in a finding in the Findings and Recommendations section of the audit report.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503, and 41020, Education Code.

§ 19829. Ratios of Administrative Employees to Teachers.

(a) For school districts, verify that the school district is in compliance with the administrative employee-to-teacher ratio requirement for the year audited by determining that the employees were properly classified and the ratio was calculated consistent with the definitions in Education Code Section 41401 and the procedures of Education Code Section 41403.

(b) If the number of administrative employees per hundred teachers exceeded the allowable ratio set forth in Education Code Section 41402, indicate the number of excess administrative employees and the associated penalty, as set forth in Education Code Section 41404, in the Findings and Recommendations section of the audit report.

(c) If the school district cannot show that it was in compliance with the ratio during the year audited, include a statement in the Findings and Recommendations section of the audit report that the ratio could not be confirmed.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19829.5. Classroom Teacher Salaries.

(a) If, during the year preceding the year audited, the district had 101 units or more of Average Daily Attendance, and, during the year audited, the district was subject to the provisions of Education Code Section 41372 pursuant to the provisions of Education Code

Section 41374, determine whether, after applicable audit adjustments, the district met the current expense of education percentage requirements for expenditure for payment of salaries of classroom teachers as set forth in Education Code Section 41372.

(b) If the district did not meet the applicable minimum percentage required for payment of salaries of classroom teachers, include a statement in the Findings and Recommendations section of the audit report indicating the minimum percentage required, the district's current expense of education for the year audited after applicable audit adjustments, and the dollar amount by which the district was deficient.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 41020 and 41372, Education Code.

§ 19830.1. Early Retirement Incentive.

For fiscal year 2005-06 and each fiscal year thereafter, perform the following procedures:

(a) Obtain a copy of the certification required by Education Code sections 22714 and 44929 and verify that the school district received approval from the county office of education or that the county office of education received approval from the Superintendent of Public Instruction as appropriate.

(b) Verify that the reason(s) contained in the certification are consistent with the results of the early retirement incentive program.

(c) Verify the data disclosed as a result of the district's or county office's adoption of the early retirement incentive program.

(d) Include a disclosure in the Notes to the Basic Financial Statements that presents the number and type of positions vacated; the age, service credit, salary, and, separately, the benefits of the retirees receiving additional service credit; a comparison of the salary and benefits of each retiree with the salary and benefits of the replacement employee, if any; the

resulting retirement cost, including interest, if any, and postretirement health benefit costs, incurred by the employer.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19831. Gann Limit Calculation.

The following audit procedures apply to the current year appropriations limit calculation for school districts and county offices of education.

(a) Verify that the data used by the district or the county office is accurate, ensuring that the prior year Gann ADA and prior year appropriations limit used by the local education agency match the data on the prior year appropriations limit calculation previously submitted to the California Department of Education. If the district or county office has made adjustments to the prior year data, verify that the adjustments are correct. If the data has been revised, verify that the district or the county office has recalculated the prior year appropriations limit and attached a copy of the recalculation to the current year appropriations limit.

(b) If the agency is found out of compliance, include a finding in the Findings and Recommendations section of the audit report.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Section 1.5 of Article XIII B, California Constitution.

§ 19837.3. School Accountability Report Card.

(a) For fiscal year 2009-10 and each fiscal year thereafter, obtain the School Accountability Report Cards issued in the year being audited, for each of the schools selected pursuant to Section 19817.2(c), and perform the following procedures:

(b) Identify any complaints related to teacher misassignment or vacancies included in the quarterly report of summarized complaint data compiled pursuant to subdivision (d) of

Education Code Section 35186 that are applicable to the School Accountability Report Card(s) selected in (a), as required by subdivision (b)(5) of Education Code Section 33126. If the information in the School Accountability Report Card is inconsistent with the information in the complaint, interview management to determine the basis of the inconsistency. If the School Accountability Report Card was inaccurate, include a finding in the Findings and Recommendations section of the audit report.

(c) For each school in the sample of schools selected pursuant to Section 19817.2(c), obtain the school district's or county office of education's copy of its most recently completed "Facility Inspection Tool (FIT), School Facility Conditions Evaluation" developed by the Office of Public School Construction and approved by the State Allocation Board and applicable to the School Accountability Report Card(s) selected in (a), or a local evaluation instrument that meets the same criteria, pursuant to subdivision (d) of Education Code Section 17002. Compare the information contained in the FIT to the information on safety, cleanliness, and adequacy of school facilities contained in the School Accountability Report Card(s) selected in (a) for that school as required by subdivision (b)(8) of Education Code Section 33126. If the information in the School Accountability Report Card is inconsistent with the information in the FIT, interview management to determine the basis of the inconsistency. If the School Accountability Report Card was inaccurate, include a finding in the Findings and Recommendations section of the audit report.

(d) For each school in the sample of schools selected pursuant to Section 19817.2(c), compare the information on the availability of sufficient textbooks and other instructional materials included in the School Accountability Report Card(s) selected in (a) pursuant to subdivision (b)(6)(B) of Education Code Section 33126 with the information in the resolution and the determinations pursuant to Education Code Section 60119 for the year applicable to the

School Accountability Report Card(s) selected in (a). If the information in the School Accountability Report Card is inconsistent with the information in the resolution or the determinations, interview management to determine the basis of the inconsistency. If the School Accountability Report Card was inaccurate, include a finding in the Findings and Recommendations section of the audit report.

Note: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503 and 41020, Education Code.

§ 19840. Juvenile Court Schools.

If the county office of education claimed any average daily attendance for juvenile court schools which are shown on the attendance reporting forms under juvenile halls, homes and camps, or county group home and institution pupils, then perform the following procedures:

(a) Determine whether the Annual report of attendance submitted to the California Department of Education reconciles to the supporting documents by verifying the county office of education's juvenile court schools Average Daily Attendance calculations.

(b) In accordance with Education Code Section 41601(b), verify that a divisor of 175 was used in calculating the average daily attendance reported in the Annual attendance reporting period.

(c) Trace the Average Daily Attendance numbers from the Annual report of attendance to the county office of education's summaries.

(d) Verify that the monthly site attendance summaries provide accurate information by reconciling the monthly totals (days of apportionment attendance) on the site's attendance summary to the summary maintained by the county for the Annual attendance reports.

(e) Select a test month in the Annual attendance reporting period. Verify the mathematical accuracy of the monthly report and trace the totals to the site's attendance summary.

(f) Select a representative sample of classes (teachers). Trace the monthly totals from the monthly report to the data origination documentation. Verify the mathematical accuracy of the attendance registers, scantron summaries, or other data arrays.

(g) Verify that the minimum school day included at least 180 minutes of instruction for pupils in attendance in approved vocational education programs, work programs prescribed by the probation department pursuant to Welfare and Institutions Code Section 883, and work experience programs, and at least 240 minutes of instruction for all other pupils by reviewing the bell schedule(s) or other appropriate documentation; and that the school's practice was to schedule all pupils, other than pupils with exceptional needs whose Individualized Education Programs specified otherwise, to attend for at least the minimum day pursuant to the provisions of Education Code Section 48645.3.

(h) Select a representative sample of pupils and verify, by reviewing class assignments, that the pupils were scheduled to attend school at least a minimum day pursuant to the provisions of Education Code Section 48645.3.

(i) Calculate any inappropriately reported units of Average Daily Attendance, by grade span, identified through the foregoing audit procedures. State in a the number(s) of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value. If there are any ungraded units of Average Daily Attendance, then proportionately allocate the disallowance among the grade spans of the juvenile court school.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

**Article 3.1. State Compliance Procedures: School Districts,
County Offices of Education, and Charter Schools**

§ 19843. Local Control Funding Formula Certification.

For the 2013-14 fiscal year, perform the following procedures:

(a) Verify that the school district, county office of education, or charter school has confirmed in writing its awareness of the requirements of the Local Control Funding Formula pursuant to Education Code Sections 2574, 2575, 42238.02, 42238.03, and 42238.07, as applicable, for the 2013-14 fiscal year. A written certification signed by each school district's, county office of education's, or charter school's superintendent, administrator, or authorized designee shall be deemed sufficient verification. (An example of an acceptable certification can be found on CDE's website under Local Control Funding Formula).

(b) If the auditor is unable to perform the verification in paragraph (a) include a finding in the Findings and Recommendations section of the audit report that states the school district, county office of education, or charter school did not confirm in writing its awareness of the requirements of the Local Control Funding Formula for fiscal year 2013-14 and recommend compliance with those requirements in the 2014-15 fiscal year.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Section 42238.02, Education Code.

§ 19844. California Clean Energy Jobs Act.

(a) Select a representative sample of California Clean Energy Jobs Act expenditures and verify they were consistent with the plan, and any amendments, approved by the California Energy Commission pursuant to Section 26235(f) of the Public Resources Code, and applicable California Energy Commission implementation guidelines.

(b) Verify that the total expenditures for planning funds did not exceed the planning fund

award amount.

(c) Verify that the LEA was in compliance with Section 26235(c) of the Public Resources Code which states that an LEA may not use a sole source process to award funds, and that an LEA may use the best value criteria as defined in paragraph (1) of subdivision (c) of Section 20133 of the Public Contract Code.

(d) If any California Clean Energy Jobs Act expenditures are found to have been made for nonqualifying purposes or not in accordance with law, list such expenditures by type and amount, and state the total in the Findings and Recommendations section of the audit report.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code;; Section 26240, Public Resources Code.

§ 19846.1. After School Education and Safety Program.

For fiscal years 2011-12 and following, if the local education agency received After School Education and Safety funds, perform the following audit steps:

(a) If the local education agency operated an after school program component:

(1) Determine whether the local education agency established a policy regarding reasonable early daily release of pupils from the program.

(2) Select a representative sample of schools for each program type, as that term is used in the attendance report, for which data was reported to the California Department of Education for the after school base grant program. Determine whether the reported number of students served, as that term is used in the report, for each selected school is supported by written records that document pupil participation, by tracing the reported numbers through any documentation used to summarize the numbers of students served, to written data origination documentation.

(3) For each school selected pursuant to subparagraph (a)(2) of this section, determine

whether the after school program commenced every day immediately upon the conclusion of the regular schoolday, operated a minimum of 15 hours per week, and operated until at least 6:00 p.m. every regular schoolday as specified in Education Code Section 8483(a)(1), by reviewing, for example, local policies and procedures, program staffing schedules, sign in/out sheets, program brochures, and other relevant documentation.

(4) For each school selected pursuant to subparagraph (a)(2) of this section, determine whether pupils reported on the report of students served attended a full day of the after school program; or if any pupil attended less than the full day, the attendance was consistent with the established early release policy.

(5) For each middle or junior high school selected pursuant to subparagraph (a)(2) of this section, determine whether the local education agency has a process or procedure that gives priority for enrollment to pupils who attend daily.

(6) If any noncompliance is found through the foregoing procedures, include a statement in the Findings and Recommendations section of the audit report, stating

(A) that the local education agency did not have a policy on reasonable early daily release from the after school program, if that is the case;

(B) discrepancies, if any, between the reported numbers of students served and the totals arising from the supporting documentation;

(C) failure to operate consistent with the days/hours requirements set forth in subparagraph (a)(3) of this section, if any;

(D) the portion of reported students served that resulted from attendance of less than a full day that was inconsistent with the established early release policy, if any; and

(E) that the local education agency did not have a process or procedure in place that gives enrollment priority to pupils in middle school or junior high school who attend daily, if that is

the case.

(b) If the local education agency operated a before school program component:

(1) Determine whether the local education agency established a policy regarding reasonable late daily arrival of pupils to the program.

(2) Select a representative sample of schools for each program type, as that term is used in the attendance report, for which data was reported to the California Department of Education for the before school base grant program. Determine whether the reported number of students served, as that term is used in the report, for each selected school is supported by written records that document pupil participation, by tracing the reported numbers through any documentation used to summarize the numbers of students served, to written data origination documentation.

(3) For each school selected pursuant to subparagraph (b)(2) of this section,

(A) Determine whether the local education agency operated the before school program for not less than one and one-half hours per regular schoolday as specified in Education Code Section 8483.1(a)(1), by reviewing, for example, local policies and procedures, program staffing schedules, sign in/out sheets, program brochures, and other relevant documentation.

(B) Determine whether attendance by pupils for less than one-half of the daily before school program hours was included in the report of students served.

(C) Determine for any pupils reported on the report of students served who attended for one-half day or more but less than the full day, whether the attendance was consistent with the established late arrival policy.

(4) For each middle or junior high school selected pursuant to subparagraph (b)(2) of this section, determine whether the local education agency has a process or procedure that gives priority for enrollment for pupils who attend daily.

(5) If any noncompliance is identified through the foregoing procedures, include a statement in the Findings and Recommendations section of the audit report, stating

(A) that the local education agency did not have a policy on reasonable late daily arrival of pupils to the before school program, if that is the case;

(B) discrepancies, if any, between the reported numbers of students served and the totals arising from the supporting documentation;

(C) failure to operate for the required hours each schoolday as set forth in subparagraph (b)(3)(A) of this section, if any;

(D) the portion of reported students served that resulted from attendance, by pupils attending less than one-half of the daily program hours, if any;

(E) the portion of reported students served that resulted from attendance by pupils who attended for one-half day or more but less than the full day and did not attend consistent with the established late arrival policy;

(F) that the local education agency did not have a process or procedure in place that gives enrollment priority to pupils in middle school or junior high school who attend daily.

(c) General requirements:

(1) Verify that the local education agency contributed cash or in-kind local funds, equal to not less than one-third of the total state grant, which may have originated from the school district, other governmental agencies, community organizations, or the private sector. Facilities or space usage may fulfill not more than 25 percent of the required local contribution.

(2) Review program expenditures by performing the following procedures:

(A) Verify that expenditures of state funds for indirect costs were the lesser of the local education agency's indirect cost rate as approved by the California Department of Education for the year audited, or 5 percent of the state funding received.

(B) Verify that not more than 15 percent of the state funding was expended for administrative costs, including indirect costs charged to the program.

(C) Verify that not less than 85 percent of the state funding was allocated to schoolsites for direct services to pupils.

(3) If the local education agency did not meet the minimum cash or in-kind local contribution requirement, spent state program funding on excess indirect costs or on excess administrative costs, provided an insufficient allocation to schoolsites, or any combination of the foregoing, include a finding in the Findings and Recommendations section of the audit report stating, correspondingly, the amount of the local match requirement, the amount by which the local education agency failed to meet the match requirement, the excess amount of the local match requirement fulfilled through facilities or space usage, the amount(s) inappropriately spent, and the amount of the insufficiency in schoolsite allocations.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 8482.3, 14502.1, 14503 and 41020, Education Code.

§ 19847. Education Protection Account Funds.

(a) Verify that funds provided from the Education Protection Account have been properly disbursed and expended as required by law.

(b) If the school district, county office of education, or charter school was not in compliance with the requirements set forth in audit procedure (a) of this section, report the noncompliance as a finding in the Findings and Recommendations section of the audit report.

Note: Authority cited: Cal. Const., Art. XIII, Section 36(e)(7), Section 14502.1, Education Code. Reference: Cal. Const., Art. XIII, Section 36(e), Sections 14502.1, 14503 and 41020, Education Code.

§ 19848. Common Core Implementation Funds.

If the LEA had any expenditures from the Common Core State Standard (CCSS) implementation funds, perform the following:

(a) Determine whether the LEA developed and adopted a plan delineating how the CCSS implementation funds will be spent and that the plan was explained in a public meeting of the governing board of the school district, county board of education, or governing body of the charter school, before its adoption in a subsequent public meeting.

(b) Select a sample of CCSS expenditures and verify they were for qualifying expenditures as provided in (d) of Section 85, AB 86 (Chapter 48, Statutes of 2013) of the Budget Act of 2013. Qualifying expenditures include:

(1) Professional development for teachers, administrators, and paraprofessional educators or other classified employees involved in the direct instruction of pupils that is aligned to the academic content standards adopted pursuant to sections 60605.8, 60605.11, and 60605.85 of the Education Code, and former Education Code Section 60811.3 as that section read until June 30, 2013.

(2) Instructional materials aligned to the academic content standards adopted pursuant to sections 60605.8, 60605.11, and 60605.85 of the Education Code, and former Education Code Section 60811.3 as that section read until June 30, 2013 including, but not limited to, supplemental instructional materials as provided in sections 60605.86, 60605.87, and 60605.88 of the Education Code.

(3) Integration of these academic content standards through technology-based instruction for purposes of improving the academic performance of pupils, including, but not necessarily limited to, expenditures necessary to support the administration of computer-based assessments

and provide high-speed, high-bandwidth Internet connectivity for the purpose of administration of computer-based assessments.

(c) If the LEA was not in compliance with the requirements set forth in subdivision (a) of this section, report the noncompliance in a finding, and recommend the LEA return the CCSS implementation funds or develop and adopt a plan as required. If any expenditure of CCSS funds are found to have been made for non-qualifying purposes and the LEA does not agree to make a correcting journal entry, include a finding in the Findings and Recommendations section of the audit report stating the amount inappropriately expended.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19849. Unduplicated Local Control Funding Formula Pupil Counts.

(a) Obtain a copy of the LEA's certified "1.17 – FRPM/English Learner/Foster Youth – Count" report. For every school tested for attendance in Section 19817.2 or Section 19850, obtain a copy of the school's certified "1.18 – FRPM / English Learner / Foster Youth – Student List" report. For each student list obtained:

(1) Select a representative sample, to achieve a high level of assurance, from the students indicated as a "No" under the "Direct Certification" column, that are **only** free or reduced priced meal eligible (FRPM) identified under the "NSLP Program" column and verify there is supporting documentation such as a Free and Reduced Price Meal (FRPM) eligibility application under a federal nutrition program or an alternative household income data collection form that indicates the student was eligible for the designation.

(2) Select a representative sample, to achieve a high level of assurance, from the students that are only English Learner (EL) eligible as identified under the "ELAS Designation" column

and verify there is supporting documentation that indicates the student was eligible for the designation.

(3) Select a representative sample, to achieve a high level of assurance, from the students indicated as a “No” under the “Direct Certification” column, that are **both** included in the “NSLP Program” column and the “ELAS Designation” column and verify that there is supporting documentation for at least one of the designations as required by steps (a)(1) or (a)(2).

(b) For any errors noted in testing procedures described in subdivision (a), determine the total impact of that error on the specific section tested and the individual school site. This determination should be made either by an extrapolation of the impact of the error, further audit procedures, or testing of 100 percent of the population where the error was discovered.

(c) Based on the results of the procedures described in subdivisions (a) and (b), select additional schools as deemed necessary, e.g., if similar errors of inaccuracy or miscalculation would be likely to produce material results in those schools, and perform those procedures on each additional school.

(d) If any of the unduplicated pupil counts were inappropriately reported, prepare a finding and report the method for determining the total impact of the finding on the LEA, and include a schedule of unduplicated pupil counts summarizing the results of the procedures and displaying any inappropriately reported unduplicated pupil counts and the estimated dollar impact in the Findings and Recommendations section of the audit report. The schedule should include the LEA’s certified total unduplicated pupil count and enrollment count as reported in the California Longitudinal Pupil Achievement Data System (CalPADS), show increases or decreases to the unduplicated pupil count based on any audit adjustments by including the following: unduplicated pupil count adjustment based on eligibility for FRPM; unduplicated

pupil count adjustment based on eligibility for EL funding, unduplicated pupil count adjustment based on eligibility for both FRPM and EL; and the adjusted total unduplicated pupil count and enrollment counts of each school tested and of the entire LEA.

(e) Charter schools should be presented separately and should not be combined with district or county office of education (COE) data on this schedule. For COEs and charter schools that operate COE programs, separately report pupils funded pursuant to Education Code Section 2574(c)(4)(A), juvenile court pupils funded pursuant to Education Code Section 2574(c)(4)(B), and all other pupils. For COEs, the district of residence needs to be identified for pupils in the “all other pupils” category.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 2574(b)(3)(C), 44238.02(b)(3)(B), and 41020, Education Code.

Article 4. State Compliance Procedures: Charter Schools

§ 19850. Contemporaneous Records of Attendance.

(a) Determine whether the Second Principal and Annual reports of attendance submitted to the California Department of Education are supported by written contemporaneous records that document all pupil attendance included in the charter school’s Average Daily Attendance calculations, by tracing the Average Daily Attendance numbers from the Second Principal and Annual reports of attendance through any documentation used by the charter school to summarize attendance, to written contemporaneous data origination documents.

(b) Determine whether the charter school calculated Average Daily Attendance in accordance with Education Code Section 47612 and Title 5 of the California Code of Regulations, Section 11960.

(1) Verify that the Average Daily Attendance as reported on the Second Principal and Annual reports of attendance were computed by dividing the charter school’s total number of

pupil-days of attendance by the number of calendar days on which school was taught in the charter school through the Second Principal and Annual apportionment periods.

(2) Verify that for purposes of determining the charter school's total number of pupil-days of attendance, no pupil generated more than one day of attendance in a calendar day.

(3) Verify that the number of calendar days of attendance used in the divisor corresponds to the school calendar.

(4) If the charter school operates a multi-track calendar, verify that the charter school operated the multi-track in accordance with Education Code Section 47612:

(A) Verify that Average Daily Attendance was calculated separately for each track. The divisor in the calculation shall be the calendar days in which school was taught for pupils in each track.

(B) Verify that the charter school operated no more than five tracks.

(C) Verify that the charter school operated each track for a minimum of 175 days. Pursuant to Education Code Section 46201.2, for the 2013-14 and 2014-15 fiscal years, days of instruction may be reduced by 5 days, from 175 to 170 days, without incurring penalty. If the charter school is a conversion school that had operated a multi-track year-round schedule, the charter school was authorized to continue its previous schedule as long as it provided no fewer than 163 days of instruction in each track.

(D) For each track, verify that the charter school provided the total number of instructional minutes, as specified in Section 47612.5.

(E) Verify that no track had less than 55 percent of its schooldays before April 15.

(F) Unless otherwise authorized by statute, verify that no pupil generated more than one unit of average daily attendance in a fiscal year.

(5) For any pupil over the age of 19 years that generated attendance for apportionment

purposes in the charter school, verify the pupil met both of the following conditions, unless the charter school program is as specified in Education Code Section 47612.1:

(A) The pupil was enrolled in a public school in pursuit of a high school diploma (for a student in special education, an individualized education program (IEP)) while 19 years of age and, without a break in public school enrollment since that time, is enrolled in the charter school and is making satisfactory progress towards award of a high school diploma (for a student in special education, satisfactory progress in keeping with an IEP) consistent with the definition of satisfactory progress set forth in subdivision (h) of section 11965.

(B) The pupil is not over the age of 22 years.

(c) Trace the number of school days reported on the Annual attendance report to the school calendar to confirm the number of days reported.

(d) Calculate any inappropriately reported units of Average Daily Attendance, by grade span, identified through the foregoing audit procedures. State in a finding the number(s) of units of Average Daily Attendance that were inappropriately reported for apportionment-and an estimate of their dollar value. If there are any ungraded units of Average Daily Attendance, then proportionately allocate the disallowance among the grade spans.

(e) If the number of school days reported on the Annual attendance report is incorrectly reported as determined in division (c) above, include a finding in the Findings and Recommendations section of the audit report and include the correct number of school days taught in the fiscal year. If the charter school operates multiple tracks, report the finding by individual tracks.

NOTE: Authority cited: Sections 14502.1, 47612, Education Code. Reference: Sections 14502.1, 14503, 41020, 47612.5 and 47634.2, Education Code.

§ 19851. Mode of Instruction.

(a) If Average Daily Attendance was reported to the California Department of Education by the charter school as generated through classroom-based instruction, determine whether that attendance was generated in compliance with all of the following conditions:

(1) The charter school's pupils were engaged in educational activities required of those pupils, and the pupils were under the immediate supervision and control of an employee of the charter school who possessed a valid teaching certification in accordance with the provisions of subdivision (l) of Education Code Section 47605.

(2) At least 80 percent of the instructional time offered at the charter school was at the schoolsite. The requirement to be “at the schoolsite” is satisfied if either of the conditions set forth in subdivision (b) of Section 11963 is met.

(3) The charter school's schoolsite was a facility that was used principally for classroom instruction as that term is defined in subdivision (b)(1) of Section 11963.

(4) The charter school required its pupils to be in attendance at the schoolsite at least 80 percent of the minimum instructional time required pursuant to the provisions of subdivision (a)(1) of Education Code Section 47612.5, as set forth below for fiscal years 2005-06 through 2008-09:

Kindergarten	36,000 minutes
Grades 1 through 3	50,400 minutes
Grades 4 through 8	54,000 minutes
Grades 9 through 12	64,800 minutes

For fiscal years 2009-10 through 2010-11, and fiscal years 2012-13 through 2014-15, the minimum instructional time is reduced pursuant to the provisions of Education Code Section 46201.2 as set forth below:

Kindergarten	34,971 minutes
Grades 1 through 3	48,960 minutes
Grades 4 through 8	52,457 minutes
Grades 9 through 12	62,949 minutes

(b) If any Average Daily Attendance reported to the California Department of Education as classroom-based instruction was not generated in compliance with all of the preceding conditions, it is not eligible for apportionments unless it was generated in full compliance with the requirements set forth in Section 19852. If it was not generated in full compliance with the requirements set forth in Section 19852, state in a finding the number of units of Average Daily Attendance, by grade span, that were inappropriately reported for apportionment and an estimate of their dollar value. If there are any ungraded units of Average Daily Attendance, then proportionately allocate the disallowance among the grade spans. then proportionately allocate the disallowance among the grade spans.

Note: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 41020, 47612.5 and 47634.2, Education Code.

§ 19852. Nonclassroom-Based Instruction/Independent Study.

If Average Daily Attendance was reported by the charter school to the California Department of Education as generated through nonclassroom-based instruction (independent study), or was reported as generated through classroom-based instruction but was not generated in compliance with all of the conditions set forth in subdivision (a) of Section 19851, perform the following procedures:

(a) Determine whether the governing body of the charter school had adopted written policies for independent study as required by the provisions of Education Code Section 51747. If it had not, any reported Average Daily Attendance generated through independent study is

not eligible for apportionment. If the required policies were in place, determine whether any reported Average Daily Attendance was generated before the written policies were adopted. Any reported Average Daily Attendance generated through independent study before the written policies were adopted is not eligible for apportionment.

(b) Verify the charter school's calculation, made pursuant to Section 11704, of ineligible Average Daily Attendance, if any, generated through full-time independent study.

(c) Verify that the documentation used by the charter school to summarize monthly attendance provides accurate information. If the charter school had multiple sites through which it provided independent study, select a sample of school sites that is representative of the charter school's (elementary, middle, and high schools sites), and sufficient in size to allow the auditor to draw a reasonable conclusion with respect to the charter school's compliance with independent study requirements. Perform the following procedures:

(1) Determine the total number of days of attendance reported for each sampled site that resulted from attendance by pupils while engaged in independent study. Reconcile the monthly totals (days of apportionment attendance) on the site's attendance summary to the summary maintained by the charter school for the Second Principal attendance report.

(2) Select a test month in the Second Principal attendance reporting period. Verify the mathematical accuracy of the monthly report, or its equivalent if no monthly report is prepared, and trace totals to the site's attendance summary.

(3) Verify that a certificated employee of the charter school, as defined by Section 11700.1, coordinated, evaluated, and provided general supervision, as that term is defined in Section 11700(b), of each pupil's independent study, as required by the provisions of subdivision (a) of Education Code Section 51747.5.

(4) Select a representative sample of teachers. Verify the mathematical accuracy of the

teachers' attendance records of pupil attendance. Trace the monthly totals from the monthly report to the attendance records.

(d) From the attendance records, select a representative sample of pupils for whom Average Daily Attendance generated through independent study was claimed, including pupils on intermittent ("short term") independent study, if the charter school offered that option, and perform the following procedures:

(1) Determine each pupil's county of residence at the time of commencing independent study and verify that it is the county in which the apportionment claim is reported or a contiguous county within California.

(2) Determine whether mailing addresses or other evidence of residency changed during the time the pupils were in independent study and, if so, whether each pupil remained a resident of the same or a contiguous county within California.

(3) Verify that, on each day for which a pupil's attendance was reported, the pupil engaged in an educational activity or activities required of him or her by the charter school.

(4) Verify that each day of each pupil's attendance included in calculations of Average Daily Attendance took place on one of the charter school's schooldays.

(5) Verify that a total of not more than one day of attendance was recorded for each pupil for any calendar day on which school was in session.

(6) Verify that a written agreement exists for each pupil.

(7) Verify that every written agreement contained all the elements required by the provisions of Education Code Section 51747(c):

(A) The manner, time, frequency, and place for submitting a pupil's assignments and for reporting his or her progress.

(B) The objectives and methods of study (pupil activities selected by the supervising

teacher as the means to reach the educational objectives set forth in the written agreement) for the pupil's work.

(C) The methods utilized to evaluate that work (any specified procedure through which a certificated teacher personally assesses the extent to which achievement of the pupils meets the objectives set forth in the written assignment).

(D) The specific resources, including materials and personnel, to be made available to the pupils (resources reasonably necessary to the achievement of the objectives in the written agreement, not to exclude resources normally available to all pupils on the same terms as the terms on which they are normally available to all pupils).

(E) A statement of the following two policies adopted pursuant to subdivisions (a) and (b) of Education Code Section 51747:

1. The maximum length of time allowed between the assignment and the completion of a pupil's assigned work; and

2. The number of assignments a pupil may miss before there must be an evaluation of whether it is in the pupil's best interests to continue in independent study.

(F) The duration of the independent study agreement, including the beginning and ending dates for the pupil's participation in independent study under the agreement, with no agreement being for a period longer than one semester, or one-half year for a school on a year-round calendar.

(G) A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion.

(H) A statement in each independent study agreement that independent study is an optional educational alternative in which no pupil may be required to participate.

(I) Signatures, affixed prior to the commencement of independent study, by

1. the pupil;

2. the pupil's parent, legal guardian, or caregiver as that term is used in Family Code Section 6550 and following, if the pupil was less than 18 years of age;

3. the certificated employee who was designated as having responsibility for the general supervision of the pupil's independent study; and

4. all other persons, if any, who had direct responsibility for providing assistance to the pupil.

(8) Verify that no days of attendance were reported for dates prior to the signing of the agreement by all parties.

(9) Verify that evaluated pupil work samples, bearing signed or initialed and dated notations by the supervising teacher indicating that he or she personally evaluated the work, or that he or she personally reviewed the evaluations made by another certificated teacher, have been retained in the file.

(e) Calculate any inappropriately reported units of Average Daily Attendance, by grade span, identified through the foregoing audit procedures. State in a finding the number(s) of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value. If there are any ungraded units of Average Daily Attendance, then proportionately allocate the disallowance among the grade spans.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 41020, 47612.5 and 47634.2.

§ 19853. Determination of Funding for Nonclassroom-Based Instruction.

If more than 20 percent of the charter school's total Average Daily Attendance was generated through nonclassroom-based instruction (independent study) as set forth in Section

19852, perform the following procedures:

(a) Determine whether the charter school has

(1) a multi-year funding determination, made pursuant to the provisions of subdivision (d) of Education Code Section 47612.5 and of Section 47634.2, that applies to the year being audited and that was granted in a year prior to the year being audited, or

(2) a funding determination otherwise applicable to the year audited.

(b) If the charter school does not have either type of funding determination specified in subdivision (a) of this section, the charter school was not eligible for funding for any Average Daily Attendance generated through nonclassroom-based instruction. Include a statement in the Findings and Recommendations section of the audit report of the number of units of Average Daily Attendance, by grade span, that were inappropriately reported for apportionment and an estimate of their dollar value. If there are any ungraded units of Average Daily Attendance, then proportionately allocate the disallowance among the grade spans.

(c) If the charter school has a funding determination as specified in subdivision (a)(2) of this section, and the charter school was in operation in the fiscal year prior to the year being audited, verify the accuracy of the following data submitted by the charter school to the California Department of Education on the nonclassroom-based funding determination form applicable to the year being audited:

(1) The charter school's federal revenues, including start-up, implementation, and dissemination grant(s); state revenues; local revenues, including in lieu of property taxes; and other financing sources.

(2) The charter school's total expenditures for instruction and related services.

(3) The charter school's total expenditures for salaries and benefits for all certificated employees as defined in subdivision (c)(1) of Section 11963.3.

(4) The charter school's pupil-teacher ratio calculated pursuant to Section 11704, and, if submitted, the pupil-teacher ratio of the largest unified school district in the county or counties in which the charter school operates.

(5) The listing of entities that received, in the previous fiscal year, \$50,000 or more or ten (10) percent or more of the charter school's total expenditures identified pursuant to subparagraphs (B), (C), (D), and (E) of subdivision (a)(5) of Section 11963.3; the amount received by each entity; whether each of any such contract payments was based upon specific services rendered or upon an amount per unit of Average Daily Attendance or some other percentage; and an identification of which entities, if any, had contracts that included provision for payments based on a per unit of Average Daily Attendance amount or some other percentage.

(d) If any inaccurate data is identified through the immediately foregoing audit procedures, prepare a schedule displaying the inaccurate data and the corresponding correct data. Include the schedule in the Findings and Recommendations section of the audit report.

(e) If a funding determination applicable to the year audited was made for the charter school by the State Board of Education, pursuant to the provisions of Education Code Section 47634.2, confirm that the governing board of the charter school has adopted and implemented conflict of interest policies as required by subdivision (b)(1)(C) of Section 11963.3. If the governing board of the charter school has not adopted, or has adopted but has not implemented, conflict of interest policies as required, include a statement in the Findings and Recommendations section of the audit report that states the policies were not adopted, if that is the case; or that the policies were not implemented, if that is the case, and describes the relevant facts.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1,

14503, 41020 and 47634.2, Education Code.

§ 19854. Annual Instructional Minutes - Classroom Based.

(a) Review the charter school's attendance calendar and bell (class) schedules or other available comparable documentation. If the charter school has multiple sites, select a sample of school sites that is representative of the charter school's grade spans (elementary, middle, and high schools).

(b) For each sampled site, compare the amount of instructional minutes offered for each grade level during the year being audited to the amount of instructional minutes required pursuant to the provisions of subdivision (a)(1) of Education Code Section 47612.5 as set forth below for fiscal years 2005-06 through 2008-09:

Kindergarten	36,000 minutes
Grades 1 through 3	50,400 minutes
Grades 4 through 8	54,000 minutes
Grades 9 through 12	64,800 minutes

For fiscal years 2009-10 through 2010-11, and fiscal years 2012-13 through 2014-15, the minimum instructional time is reduced pursuant to the provisions of Education Code Section 46201.2 as set forth below:

Kindergarten	34,971 minutes
Grades 1 through 3	48,960 minutes
Grades 4 through 8	52,457 minutes
Grades 9 through 12	62,949 minutes

(c) Determine whether the charter school offered optional classes to satisfy instructional minutes requirements. If enrollment in optional classes was low, review the charter school's

documentation of class offerings to ensure that the charter school acted effectively to comply with the law. Practices that are not consistent with effectively offering instructional time may include, but are not limited to, offering only a small number of courses that in addition are appropriate only for limited numbers of pupils, and courses scheduled such that pupils may take them only by giving up their lunch period.

(d) Prepare the “Schedule of Instructional Time” that must be presented in the Supplementary Information section of the audit report, showing by grade span the minimum instructional minutes requirements specified in subdivision (a)(1) of Education Code Section 47612.5 for fiscal years 2005-06 through 2008-09, or for fiscal years 2009-10 through 2010-11, and fiscal years 2012-13 through 2014-15, the minimum instructional time as reduced pursuant to the provisions of Education Code Section 46201.2 as set forth in subparagraph (b) of this section, the instructional minutes offered during the year being audited showing the sampled site with the lowest number of minutes offered at each grade span; and whether the charter school complied with the instructional minutes provisions.

(e) If the charter school did not offer the required number(s) of instructional minutes, prepare a separate schedule for each site, showing only the grade level(s) that were not in compliance, and calculate a proportional reduction in apportionment consistent with the provisions of subdivision (c) of Education Code Section 47612.5. Include both the schedule(s) and the calculated reduction in apportionment, in a finding in the Findings and Recommendations section of the audit report.

Note: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 41020, 47612.5 and 47634.2. Education Code.

§ 19855. Charter School Facility Grant Program.

If the charter school received Charter School Facility Grant Program funding for the year audited, perform the following procedures:

(a) Verify that grant funds have been used for (1) costs associated with facilities rents and leases, for charter school facilities used principally for classroom instruction, (2) costs for remodeling buildings, deferred maintenance, initially installing or extending service systems and other built-in equipment, and improving sites; or ; (3) common area maintenance charges limited to maintaining the facility and its common areas.

(b) If the charter school was not in compliance with the requirements recited in subdivision (a) of this section, include a finding in the Findings and Recommendations section of the audit report listing by category the amount(s) of grant funds that were inappropriately spent.

Note: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 41020, 47612.5 and 47634.2. Education Code.

Appendix A

Federal Compliance Requirements

Office of Management and Budget Circular A-133 (revised June 2007), titled *Audits of States, Local Governments, and Non-Profit Organizations*, was issued pursuant to the Single Audit Act of 1984 (Public Law 98-502) and the Single Audit Act Amendments of 1996 (P.L. 104-156). It sets forth standards intended to bring about consistency and uniformity in the auditing of entities expending federally granted funds, and is available through this website:

http://www.whitehouse.gov/omb/circulars_default

The compliance requirements for testing federal program expenditures are set forth in the OMB Circular A-133 Compliance Supplement. The 2013 Compliance Supplement is effective for audits of fiscal years beginning after June 30, 2012, and supersedes the OMB Circular A-133 Compliance Supplement issued in June 2012. The 2013 Supplement is available at the following website:

http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2012

The Compliance Supplement sets forth program requirements accompanied by suggested audit procedures for testing compliance. The State Controller's Office advises that these procedures are not the only ones that can be utilized by the auditor, nor are they mandatory procedures. Auditors should apply professional judgment to choose procedures and determine the extent of tests performed, and the audit procedures should be tailored to individual programs and circumstances. The auditor is also responsible for ensuring that specific requirements that are modified by a change in a law or regulation are included in the audit procedures.

The Compliance Supplement may not include all the federal programs and procedures required to be audited for compliance; therefore, independent auditors may have to contact funding agencies for compliance requirements and applicable procedures. Program regulations and guidelines are also referenced in the Catalog of Federal Domestic Assistance (CFDA), which can be accessed online through this website:

<https://www.cfda.gov/>

The California Department of Education provides a listing of the federal programs under which local education agencies generally receive awards, along with the corresponding CFDA numbers, on the following web page:

<http://www.cde.ca.gov/fg/au/ag/fedprogcfd.asp>

The Federal Audit Clearinghouse, which operates on behalf of OMB, provides links to the required forms for submission of federally-required audit reports and other information at its home page:

<http://harvester.census.gov/sac/>

Appendix B

Agency Addresses and Contacts

Mailing Address

State Controller's Office
Division of Audits
School District Audits
Post Office Box 942850
Sacramento, California 94250-5874

Telephone: (916) 324-6442

Email: leaaudits@sco.ca.gov

California Department of Education
School Fiscal Services Division
Audit Resolution Staff
1430 N Street, Suite 3800
Sacramento, California 95814

Telephone: (916) 323-8068

Federal Audit Clearinghouse
Bureau of the Census
1201 E. 10th Street
Jeffersonville, Indiana 47132

Telephone: (800) 253-0696 (toll free)

Private Carrier Delivery

State Controller's Office
Division of Audits
Financial Audits Bureau – Education
Oversight Unit
3301 C Street, Suite 700
Sacramento, California 95816